Ontario

Ontario Municipal Partnership Fund

2008 Technical Guide

Ministry of Finance

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INTRODUCTION

This document outlines the grant parameters for the Ontario Municipal Partnership Fund (OMPF), and summarizes the updates and refinements introduced in 2008. It is intended to provide a technical overview of the funding model.

OVERVIEW

The OMPF assists municipalities with their social program costs, includes equalization measures, addresses challenges faced by northern and rural communities, and responds to policing costs in rural communities. The OMPF replaced the Community Reinvestment Fund (CRF) in 2005 as the Province's main transfer payment to municipalities.

In August 2007, the government made a commitment to upload the municipal share of costs of the Ontario Drug Benefit (ODB) program starting in January 2008, and in 2009, to begin the upload of Ontario Disability Support Program (ODSP) costs. The social programs upload is estimated to reduce costs to municipalities by over $900 million annually by the time it is fully implemented in 2011.

Four-year upload of ODSP and ODB

	2007 Provincial Cost Shares	Provincial Uploads			
		2008	2009	2010	2011
Ontario Drug Benefits	80%	→ **100%**	100%	100%	100%
Ontario Disability Support Program: Administration component	50%	→ **100%**	100%	100%	100%
Ontario Disability Support Program: Benefits component	80%	→ **90%**	→ **100%**		

To ensure that municipalities benefit from the ODB upload, the government also committed that the overall dollars for the 2008 OMPF would not be reduced, even though municipal social program costs are falling.

The OMPF for 2008 is providing $870 million to 393, or 89 per cent of municipalities. Compared to funding announced in March 2007, this represents an increase of $27 million, or three per cent. Compared to the previous program, this represents an increase of $252 million, or 41 per cent.

	Allocation	Increase over 2004
2005 OMPF	$656 million	$38 million
2006 OMPF	$763 million	$145 million
2007 OMPF	$843 million	$225 million
2008 OMPF	$870 million	$252 million

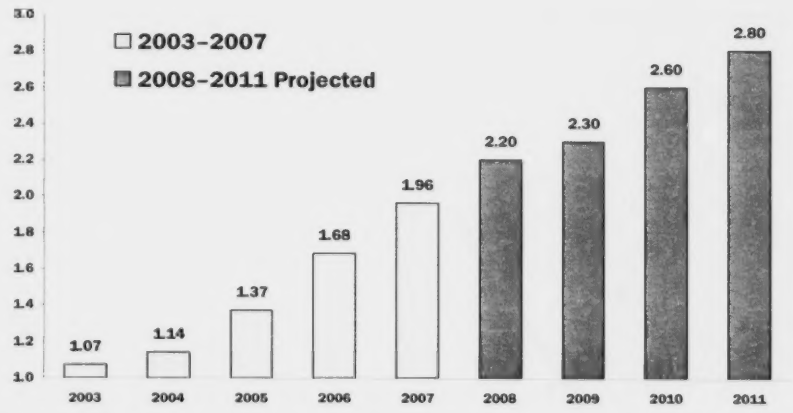
ONTARIO'S COMMITMENT TO MUNICIPALITIES

By 2011, the Province will have increased ongoing annual operating support to municipalities by more than $1.7 billion or more than 160 per cent compared to funding provided in 2003. This support includes the OMPF and:

- Uploading the ODSP and ODB costs from municipalities – by 2011, estimated at over $900 million a year in savings for municipalities.
- Uploading public health costs by increasing the provincial share from 50 per cent in 2004 to 75 per cent in 2007;
- Making an additional investment in land ambulance services of just over $300 million since 2006, thereby meeting the commitment of moving to 50/50 funding of existing levels of land ambulance service by 2008;
- Providing two cents per litre of provincial gasoline tax – $314 million this year – delivering more than $1.6 billion in gas tax revenue to municipalities to improve public transit by 2010.

OPERATING SUPPORT TO MUNICIPALITIES IS INCREASING

($ Billions)



Includes funding provided to municipalities through OMPF/CRF, Provincial Gasoline Tax, Land Ambulance and Public Health.

Sources: Ministries of Finance, Transportation and Health & Long-Term Care, and Community and Social Services.

In the 2007 Budget, the Province announced further support to municipalities:

- A $540 million cut to high Business Education Tax (BET) rates in 321 municipalities, when fully implemented in 2014;
- The plan to phase out the Greater Toronto Area (GTA) pooling, which will eliminate a $200 million burden from the municipal property tax bases of contributing GTA municipalities – under this plan, the Province will take responsibility for social assistance and social housing costs currently funded under the program; and
- The new Ontario Child Benefit (OCB) initiative. The Province will pay the entire cost of the program, including its administration, starting in July 2008. In addition, any future enhancements to the OCB will not create new costs for municipalities.

In the 2007 Economic Outlook and Fiscal Review, the Province announced:

- $500 million for transit projects and to assist municipal transit systems across Ontario in dealing with immediate demands;
- $300 million for infrastructure priorities – for projects that stimulate local economies such as roads, bridges, community facilities, and water systems; and
- $100 million dedicated to priority MoveOntario 2020 projects – the $17.5 billion transit and transportation plan for the GTA.

This builds on the $1.2 billion investment in public transit, roads, and bridges through MoveOntario, announced in the 2006 Budget, which included $400 million for municipal roads and bridges, with an emphasis on rural and northern communities; and on the $900 million Canada-Ontario Municipal Rural Infrastructure Fund.

PROVINCIAL-MUNICIPAL FISCAL AND SERVICE DELIVERY REVIEW

The OMPF is included in the Provincial-Municipal Fiscal and Service Delivery Review, and the review's recommendations may result in changes to the program for future years. A key principle is that the OMPF remain responsive to changes in municipal circumstances and provincial support only be provided in respect of costs that are actually incurred by municipalities. As a result, 2008 will be a transition year for the OMPF.

WHAT'S NEW IN 2008

As announced on August 20, 2007, the Province has uploaded the municipal share of ODB costs for Ontario Works and ODSP recipients and their dependants effective January 1, 2008.

Although municipal social program costs will decrease in 2008, the Stable Funding Guarantee announced in December 2007 ensures that each municipality will receive no less funding in 2008 than it received in its March 2007 OMPF allocation. As a result, a new Special 2008 Ontario Drug Benefit (ODB) Upload Guarantee has been added to the OMPF program for 2008.

Those municipalities responsible for ODB costs will see the value of the uploaded cost identified in their 2008 OMPF *Municipal Allocation Notice.*

The Rural and Small Community Measure, previously based on 2001 Census data, has been updated to reflect new data from the 2006 Census.

Further refinements to OMPF grant parameters have been introduced to provide enhanced support to municipalities.

DATA AND BENCHMARK UPDATES

To ensure that the OMPF remains up to date and responsive to changing local circumstances, data elements such as weighted assessment, tax revenue, social program and policing costs have been updated to reflect the most recent data available prior to the release of the grant (see Appendix B).

In addition, OMPF benchmarks and thresholds have been adjusted to reflect year-over-year changes in assessment.

Threshold/Benchmark Updates	2005	2006	2007	2008
I. Social Programs Grant				
Reinvestment of National Child Benefit savings	not included	included	included	included
ODB costs for social assistance recipients	included	included	included	uploaded by Province
1. Assessment Based				
• Percentage of Weighted Assessment	0.20%	0.18%	0.178%	0.176%
2. Income Based				
• Per household limit	n/a	$35	$80	$80
II. Equalization Grant				
1. Assessment Equalization				
• Average Assessment per household	$170,000	$185,000	$187,000	$190,000
• Funding for each $10,000 in assessment value	$62	$60	$58	$54
III. Northern and Rural Social Programs Grant Component				
Percentage of Tax Revenue	15%	14%	13%	12.5%

See Appendix C for a summary of refinements and updates introduced in 2008.

THE ONTARIO MUNICIPAL PARTNERSHIP FUND: GRANTS AND COMPONENTS

The OMPF is providing municipalities with $870 million in funding in 2008 through the following:

I. SOCIAL PROGRAMS GRANT — $293 MILLION

Provides funding to assist municipalities with limited property assessment and lower household income to support the municipal share of social program costs through two components:

1. Assessment Threshold – $162 million
2. Income Threshold – $131 million

II. EQUALIZATION GRANT — $202 MILLION

Provides funding to municipalities with limited property assessment through two components:

1. Assessment Equalization – $152 million
2. Farmland and Managed Forest Assessment – $50 million

III. NORTHERN AND RURAL COMMUNITIES GRANT — $265 MILLION

Provides funding to northern and rural communities to recognize their unique challenges through four components:

1. Rural Communities – $157 million
2. Northern Communities – $84 million
3. Northern and Rural Social Programs – $18 million
4. Stabilization – $6 million

IV. POLICE SERVICES GRANT — $66 MILLION

Provides funding to rural communities to support policing costs.

V. SPECIAL 2008 ONTARIO DRUG BENEFIT (ODB) UPLOAD GUARANTEE — $44 MILLION

This Guarantee provides special additional funding in 2008 to those municipalities that otherwise would see funding decreases, relative to their March 2007 OMPF allocation, specifically as a result of no longer sharing the cost of Ontario Drug Benefit (ODB) for social assistance recipients.

I. SOCIAL PROGRAMS GRANT

This grant provides funding to municipalities to help offset the municipal share of social program costs through two components:

1. Assessment Threshold Component

This component provides funding to municipalities with limited property assessment to support the municipal share of eligible social program costs (for a definition of eligible costs, see Appendix A). Funding is provided to municipalities whose costs for these programs exceed the revenue that could be raised by levying a 0.176 per cent property tax rate on their assessment base.

This grant assists municipalities in meeting the municipal portion of the established cost-sharing arrangements for social programs. The Province will continue to fund its portion of the cost-shared programs, as well as provide additional funding through the OMPF to help municipalities pay for their share of these arrangements.

Distribution: The Assessment Threshold Component is distributed to upper- and single-tier municipalities.

EXAMPLE 1.1

Municipality A:

- Municipal share of eligible social program costs: $125,000
- Total assessment: $27,500,000

Threshold amount:
$27,500,000 x 0.176% = $48,400

Grant Component: $125,000 – $48,400 = $76,600

2. Income Threshold Component

This grant component provides funding to municipalities with high social program costs relative to the household incomes of their residents. As with the other social program grant components, this component is designed to support the municipal share of eligible social program costs (for a definition of eligible costs, see Appendix A).

Funding of up to $80 per household is provided to municipalities whose net social program costs exceed 0.75 per cent of the total household incomes of their residents.

Net social program costs for this calculation are:

Total social program costs less the funding provided through the Assessment Threshold Component of the Social Programs Grant and the Northern and Rural Social Programs Grant Component.

This grant assists municipalities in meeting the municipal portion of the established cost-sharing arrangements for social programs. The Province will continue to fund its portion of the cost-shared programs, as well as provide additional funding through the OMPF to help municipalities pay for their share of these arrangements.

Distribution: The Income Threshold Component is distributed to upper- and single-tier municipalities.

EXAMPLE 1.2

Municipality A

- Municipal share of eligible social program costs: $8,500,000
- Funding provided through the Assessment Threshold, and Northern and Rural Social Programs Grant* Components: $1,500,000
- Residual social program costs (costs net of the Assessment Threshold, and Northern and Rural Social Programs Grant Components): $8,500,000 – $1,500,000 = $7,000,000
- Total household income from all residents: $500,000,000

Income Threshold for municipality:
$500,000,000 x 0.75% = $3,750,000

Grant Component: $7,000,000 – $3,750,000 = $3,250,000

* For details regarding the Northern and Rural Social Programs Grant Component see page 14.

II. EQUALIZATION GRANT

This grant provides funding to municipalities that have limited property assessment through two components:

1. Assessment Equalization Grant Component

This component provides funding to municipalities with limited property assessment due to lower property values and limited non-residential assessment. Municipalities will receive funding if their total assessment per household is less than $190,000.

An overall assessment differential for each eligible municipality is calculated to determine the grant amount.

If a municipality has a total assessment per household of less than $190,000, it will receive funding based on the following scale:

Every $10,000 increment in a municipality's total assessment differential will result in an additional $54 in funding.

Distribution: The Assessment Equalization Grant Component is distributed to lower- and single-tier municipalities.

EXAMPLE 2.1

Municipality A:

- Total assessment per household: $162,000
- Assessment per household below $190,000 threshold: $28,000
- Number of households: 5,000

Total assessment differential: $28,000 x 5,000 households = $140,000,000

Grant Component: $140,000,000 / $10,000 x $54 = $756,000

2. Farmland and Managed Forest Assessment Grant Component

This component provides funding to municipalities with limited property assessment due to a significant amount of farmland and managed forest properties.

The grant provides funding equivalent to 300 per cent of the municipal revenue generated from farmland and managed forest assessment where these properties comprise 20 per cent or more of the municipality's tax base. Municipalities that have between five per cent and 20 per cent of their tax base made up of these properties receive a portion of this funding on a sliding scale.

Every 2.5 per cent increment in taxes generated from farmland and managed forest properties between five per cent and 20 per cent will result in additional funding equal to 50 per cent of the taxes generated by these properties:

Farmland and Managed Forest Assessment Grant Component

Taxes generated by farmland and managed forest properties (%)	5	7.5	10	12.5	15	17.5	20+
Taxes allocated as grant funding (%)	0	50	100	150	200	250	300

EXAMPLE 2.2

Municipality A:

- Taxes generated from farmland and managed forest properties: $500,000
- Percentage of total taxes generated from farmland and managed forest properties: 25%

Grant Component: $500,000 x 300% = $1,500,000

EXAMPLE 2.3

Municipality B:

- Taxes generated from farmland and managed forest properties: $250,000
- Percentage of total taxes generated from farmland and managed forest properties: 7.5%

Grant Component: $250,000 x 50% = $125,000

Distribution: This grant is distributed to upper-, lower- and single-tier municipalities. It provides funding of up to 300 per cent of these municipalities' respective share of revenue generated from these properties.

III. NORTHERN AND RURAL COMMUNITIES GRANT

This grant provides funding to northern and rural communities in recognition of the unique challenges they face.

To support this grant, a Rural and Small Community Measure has been calculated for each municipality to determine the proportion of its population residing in rural areas or small communities (see Appendix A).

The grant has four components:

1. Rural Communities Grant Component

This component provides funding to municipalities based on the proportion of their population residing in rural areas or small communities.

Municipalities with a Rural and Small Community Measure of 75 per cent or more receive the full per-household amount of $156. Municipalities with a Rural and Small Community Measure between 25 per cent and 75 per cent receive a portion of this funding on a sliding scale.

Every five per cent increment in the Rural and Small Community Measure between 25 per cent and 75 per cent results in an additional $15.60 per household:

Rural Communities Grant Component

Rural and Small Community Measure (%)	25	30	35	40	45	50	55	60	65	70	75+
Per household Amount ($)	0	15.60	31.20	46.80	62.40	78.00	93.60	109.20	124.80	140.40	156.00

Distribution: The Rural Communities Grant Component is distributed to lower- and single-tier municipalities.

EXAMPLE 3.1

Municipality A:
- Number of households: 400
- Rural and Small Community Measure: 80%

Grant Component: 400 x $156 = $62,400

EXAMPLE 3.2

Municipality B:
- Number of households: 600
- Rural and Small Community Measure: 50%

Grant Component: 600 x $78.00 = $46,800

2. Northern Communities Grant Component

This component provides funding to all municipalities in northern Ontario (see Appendix A) based on the number of households. The grant per household is $235.

Distribution: The Northern Communities Grant Component is distributed to all northern municipalities.

3. Northern and Rural Social Programs Grant Component

This component establishes a limit on the share of municipal tax revenue needed to support the municipal share of eligible social program costs in northern and rural communities (see Appendix A).

Funding is provided if the municipal share of eligible social program costs (net of the Social Programs Grant) exceeds a threshold of 12.5 per cent of municipal tax revenue.

All northern municipalities are eligible for this grant if their social program costs exceed the threshold.

Municipalities that are not in the north are eligible to receive the full amount of funding available through this grant component if they have a Rural and Small Community Measure of 75 per cent or greater and their social program costs are greater than the threshold. Municipalities with a Rural and Small Community Measure between 25 per cent and 75 per cent receive a portion of this funding on a sliding scale.

Every five per cent increment in the Rural and Small Community Measure between 25 per cent and 75 per cent results in a 10 per cent increase in funding for eligible costs greater than the 12.5 per cent tax revenue threshold:

Northern and Rural Social Programs Grant Component											
Rural and Small Community Measure (%)	25	30	35	40	45	50	55	60	65	70	75+
Residual social program costs funded (%)	0	10	20	30	40	50	60	70	80	90	100

For northern and rural communities, this grant provides additional funding to complement the support provided through the Social Programs Grant.

Distribution: The Northern and Rural Social Programs Grant Component is distributed to upper- and single-tier municipalities.

EXAMPLE 3.3

Municipality A:

- Geographic designation: northern
- Municipal share of eligible social program costs: $4,000,000
- Social Programs Grant — Assessment Threshold Component amount: $2,000,000
- Residual social program costs (costs net of the Assessment Threshold Component of the Social Programs Grant): $4,000,000 – $2,000,000 = $2,000,000
- Tax revenue: $10,000,000
- 12.5% of tax revenue: $1,250,000

Residual social program costs above 12.5% threshold:
$2,000,000 – $1,250,000 = $750,000

Grant Component: $750,000

EXAMPLE 3.4

Municipality B:

- Geographic designation: non-northern
- Rural and Small Community Measure: 60%
- Municipal share of eligible social program costs: $10,000,000
- Social Programs Grant — Assessment Threshold Component amount: $6,000,000
- Residual social program costs (costs net of the Assessment Threshold Component of the Social Programs Grant): $10,000,000 – $6,000,000 = $4,000,000
- Tax revenue: $20,000,000
- 12.5% of tax revenue: $2,500,000

Residual social program costs above 12.5% threshold:
$4,000,000 – $2,500,000 = $1,500,000

Grant Component: $1,500,000 x 70% = $1,050,000

4. Stabilization Grant Component

This component provides ongoing funding to municipalities that otherwise would see decreases in funding of more than $150 per household, relative to funding received in 2004 through the Community Reinvestment Fund.

This grant component has been calculated on the basis of 2008 funding levels, and the funding parameter will be maintained at the $150 per household level in future years.

Distribution: The Stabilization Grant Component is distributed to upper-, lower- and single-tier municipalities.

IV. POLICE SERVICES GRANT

This grant provides funding to rural communities to support eligible policing costs (for definition, see Appendix A).

For municipalities with a Rural and Small Community Measure of 75 per cent or more, this grant provides funding equal to:

- 50 per cent of eligible policing costs between $150 and $750 per household, and
- 75 per cent of eligible policing costs above $750 per household.

Municipalities with a Rural and Small Community Measure between 25 per cent and 75 per cent receive a portion of this funding on a sliding scale.

Every five per cent increment in the Rural and Small Community Measure between 25 per cent and 75 per cent results in a five per cent increase in funding for eligible costs between $150 and $750 per household, and a 7.5 per cent increase in funding for eligible costs above $750:

Police Services Grant											
Rural and Small Community Measure (%)	25	30	35	40	45	50	55	60	65	70	75+
Eligible costs above $150 threshold, up to $750, allocated as funding (%)	0	5	10	15	20	25	30	35	40	45	50
Eligible costs above $750 threshold allocated as funding (%)	0	7.50	15.00	22.50	30.00	37.50	45.00	52.50	60.00	67.50	75.00

For municipalities with a Rural and Small Community Measure of less than 75 per cent, the Police Services Grant will be calculated as 50 per cent of their 2002 eligible per-household policing costs between $150 and $750, and 75 per cent for costs above $750 – where this approach generates a greater amount than under the standard calculation detailed above. This is incorporated as a transitional measure that applies to only a small number of municipalities.

Distribution: The Police Services Grant is distributed to those municipalities that provide policing services.

EXAMPLE 4.1

Municipality A:

- Rural and Small Community Measure: 100%
- Number of households: 1,000
- Eligible policing costs per household: $850
- Eligible costs above $150 per household, up to $750:
  ($750 – $150) x 1,000 = $600,000
- Eligible costs above $750 per household:
  ($850 – $750) x 1,000 = $100,000

Grant: ($600,000 x 50%) + ($100,000 x 75%) = $375,000

EXAMPLE 4.2

Municipality B:

- Rural and Small Community Measure: 50%
- Number of households: 2,000
- Eligible policing costs per household: $350
- Eligible costs above $150 per household threshold:
  ($350 – $150) x 2,000 = $400,000

Grant: $400,000 x 25% = $100,000

V. SPECIAL 2008 ONTARIO DRUG BENEFIT (ODB) UPLOAD GUARANTEE

This Guarantee provides special additional funding in 2008 to municipalities that otherwise would see funding decreases, relative to their March 2007 OMPF allocation, specifically as a result of no longer sharing ODB costs for social assistance recipients.

Distribution: The Special 2008 ODB Upload Guarantee is distributed to upper- and single-tier municipalities.

IMPLEMENTATION

The OMPF allocations are announced annually in time to support the municipal budget planning process, and flowed in quarterly payments to municipalities. All OMPF allocations are provided to municipalities as unconditional grants.

The Ministry of Finance calculates municipal allocations based on a defined set of data elements (see Appendix B).

Data elements are stable or live. The "stable" data elements are established prior to the annual release of allocations (e.g., assessment data and number of households). Stable data elements are based on the most recent data sets available prior to the allocation year.

A limited number of data elements will be "live" throughout the allocation year. Live data elements will be updated in-year to capture both increases and decreases in costs (e.g., policing costs and social program costs). This will result in adjustments to the Social Programs Grant, the Northern and Rural Social Programs Grant Component, and the Police Services Grant.

A final OMPF reconciliation will be conducted in the following year once the required final cost data are available.

SOCIAL PROGRAMS REPORT

To assist municipalities in anticipating the impact of social program cost changes on their OMPF allocations, the Ministries of Finance, Community and Social Services, and Children and Youth Services have developed a Social Program Costs Report that is released to municipal service managers and municipalities as part of OMPF in-year updates and final reconciliations.

The Social Program Costs Report provides details on:

- actual and projected social program costs for each municipal service manager
- actual and projected social program costs for municipalities, based on inter-municipal cost-sharing agreements
- social program costs used in the calculation of OMPF allocations.

MUNICIPAL TIER DISTRIBUTION OF FUNDING

Funding provided through the OMPF is distributed to upper-, lower- and single-tier municipalities based on the level of government that is responsible for the service supported by the grant or grant component:

Tier Distribution of Funding	Upper-Tier	Lower-Tier	Single-Tier
I. Social Programs Grant			
1. Assessment Threshold	✓		✓
2. Income Threshold	✓		✓
II. Equalization Grant			
1. Assessment Equalization		✓	✓
2. Farmland and Managed Forest Assessment	✓	✓	✓
III. Northern and Rural Communities Grant			
1. Rural Communities		✓	✓
2. Northern Communities			✓
3. Northern and Rural Social Programs	✓		✓
4. Stabilization	✓	✓	✓
IV. Police Services Grant	✓	✓	✓
V. Special 2008 Ontario Drug Benefit (ODB) Upload Guarantee	✓		✓

ADDITIONAL INFORMATION

This Technical Guide and other 2008 OMPF supporting materials are posted in English and French on the Ministry of Finance website at:

www.fin.gov.on.ca/english/budget/ompf/

www.fin.gov.on.ca/french/budget/ompf/

If you require additional information regarding your 2008 OMPF allocation, you may contact your local Municipal Services Office of the Ministry of Municipal Affairs and Housing, or e-mail your inquiries and your contact phone number to:

info.ompf@ontario.ca.

Municipal Services Offices **Ministry of Municipal Affairs and Housing**	
CENTRAL: 777 Bay Street, 2nd Floor Toronto ON M5G 2E5	General Inquiry: (416) 585-6226 Toll Free: 1-800-668-0230 FAX: (416) 585-6882
SOUTHWESTERN: 659 Exeter Road, 2nd Floor London ON N6E 1L3	General Inquiry: (519) 873-4020 Toll Free: 1-800-265-4736 FAX: (519) 873-4018
EASTERN: 8 Estate Lane Rockwood House Kingston ON K7M 9A8	General Inquiry: (613) 548-4304 Toll Free: 1-800-267-9438 FAX: (613) 548-6822
NORTHWESTERN: 435 James St. S., Suite 223 Thunder Bay ON P7E 6S7	General Inquiry: (807) 475-1651 Toll Free: 1-800-465-5027 FAX: (807) 475-1196
NORTHEASTERN: 159 Cedar Street, Suite 401 Sudbury ON P3E 6A5	General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 FAX: (705) 564-6863

APPENDICES

APPENDIX A — DEFINITIONS

Eligible Municipal Social Program Costs

Eligible municipal social program costs refer to the costs that municipalities are responsible for under existing cost-sharing arrangements with the Province. Social programs that are eligible for inclusion in determining a municipality's total social program costs for the OMPF include:

- Ontario Works income support: 20 per cent
- Ontario Works administration: 50 per cent
- Ontario Disability Support Program income support: 20 per cent
- Ontario Disability Support Program administration: 50 per cent
- Child Care: 20 per cent of costs of child care programs, 50 per cent of administration
- Social Housing: 100 per cent of the devolved costs as of 2002
- National Child Benefit: reinvestment of municipal savings. These municipal reinvestments will continue to be recognized as eligible social program costs, after the introduction of the Ontario Child Benefit initiative in July 2008, if municipal spending on these programs continues.

Effective January 1, 2008, the Province pays 100 per cent of ODB costs for social assistance recipients.

Eligible Police Costs

Eligible police costs include policing services provided by the Ontario Provincial Police (OPP) or a local force to meet the service standards defined in the *Police Services Act*.

Non-eligible police costs include bylaw enforcement and cases where service levels exceed those required by the *Police Services Act*.

Northern Municipality

Northern municipalities are those that lie within any of the following districts: Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Timiskaming.

Assessment

In this document, assessment refers to the total assessment for a municipality weighted by the tax ratio for each class of property plus payments-in-lieu of property taxes (PILs) made by either the provincial or federal government. (An equivalent PIL assessment is calculated by dividing actual PIL revenues by the residential tax rate in each municipality.)

Rural and Small Community Measure

The Rural and Small Community Measure represents the proportion of a municipality's population residing in rural areas or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas.

The measure is based on Statistics Canada data from the 2006 Census and is calculated as follows:

1. Statistics Canada divides municipalities into small geographic areas, typically less than a few hundred residents.

2. These areas are classified by Statistics Canada as rural areas or small communities if they meet one of the following conditions:

- they have a population density of less than 400 per square kilometre
- they have a population density of greater than 400 per square kilometre **but** cannot be grouped with other adjacent areas (each also with a population density of greater than 400 per square kilometre), to produce a total population concentration greater than 1,000, or
- they are not economically integrated with a population centre of greater than 10,000. (See Note 1.)

3. The Rural and Small Community Measure is determined by calculating the proportion of a municipality's population residing in areas that are classified as either rural or part of a small community.

EXAMPLE

Total municipal population = 1,000

Population in areas that are rural or in small communities = 700

Rural and Small Community Measure = 700 / 1,000 = 70%

NOTE 1: Beginning in 2008, OMPF calculations incorporate a minor adjustment to Statistics Canada's classification of "small community." This adjustment provides a transition between the small community and urban center classification for areas with a population between 10,000 and 12,000 and is made on a sliding scale:

Percentage of Area Population Included as a Small Community					
Area population	10,000	10,500	11,000	11,500	12,000
Percentage	100	75	50	25	0

APPENDIX B — DATA SOURCES

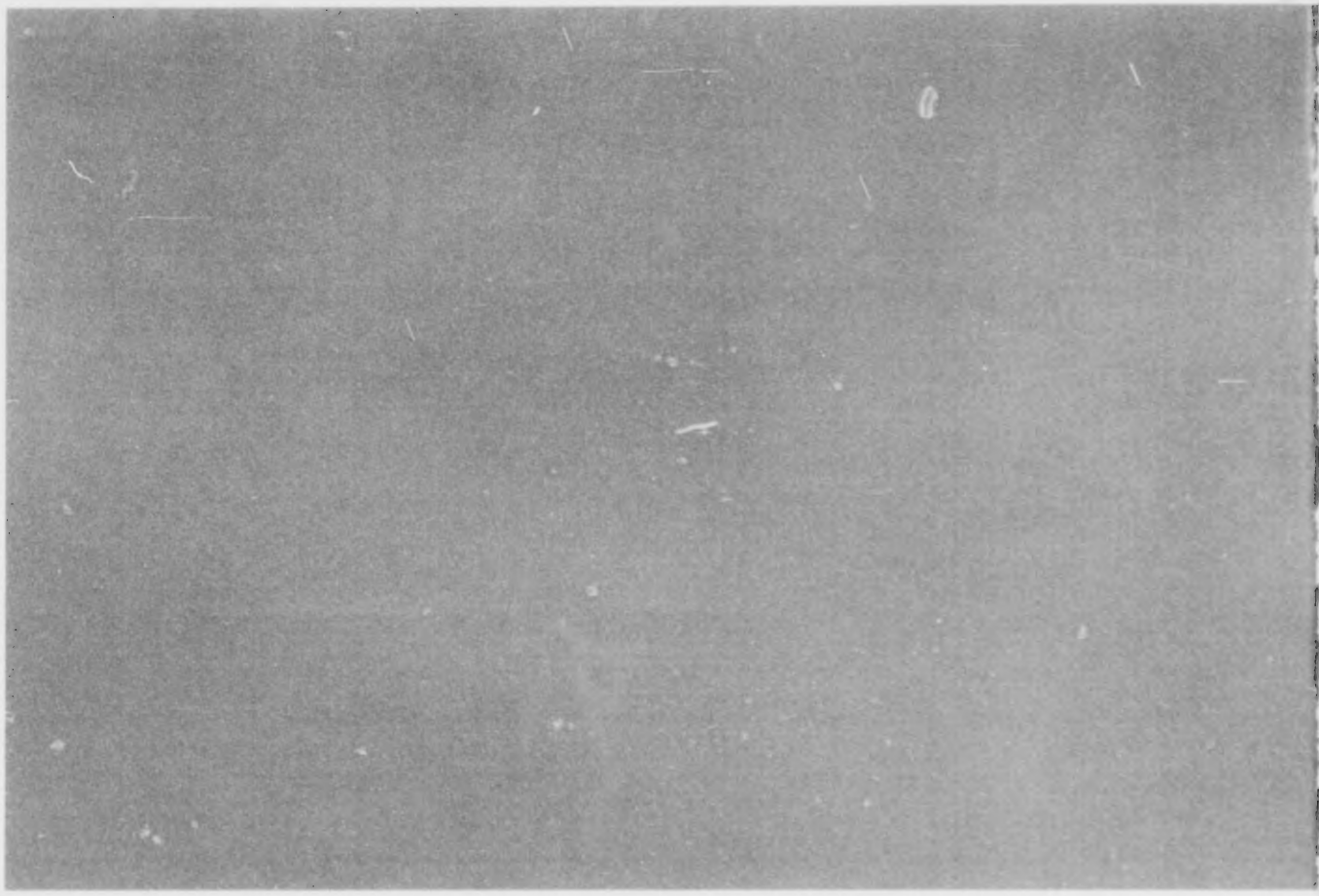
Data	Year	Source
Live Program Costs*		
Social Assistance Child Care	2008 projections based on 2007 actuals and service contract amounts, and 2007 inter-municipal cost shares	Ministry of Community and Social Services (MCSS) Ministry of Children and Youth Services (MCYS)
Reinvestment of National Child Benefit Savings	2007 projection based on 2006 actuals	MCSS/MCYS
Ontario Provincial Police (OPP)	2008 projected costs	OPP
Municipal Police	2008 projected costs based on 2006 actuals	Projection based on municipal Financial Information Returns (FIR)
Other Program Costs		
Social Housing	2002 devolved costs and 2007 inter-municipal cost shares	Ministry of Municipal Affairs and Housing, Consolidated Municipal Service Managers, and District Social Services Administration Boards
Weighted Assessment	2008 returned roll and 2008 starting tax ratios	Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws
Farmland and Managed Forest Tax Revenue	2007 returned roll and 2007 tax rates	
Estimated Own Purpose Taxation Estimated Payments in Lieu Revenues	2006	Municipal FIRs
Demographic & Income Data		
Number of Households	2007	MPAC Enumeration
Rural and Small Community Measure	2006	Census, Statistics Canada
Total Household Income	2001	Census, Statistics Canada

* **NOTE**: Live Program Costs and Cost Shares will be updated in-year to reflect more up-to-date costs.

APPENDIX C — SUMMARY OF REFINEMENTS AND UPDATES

The following table summarizes the refinements and updates to OMPF grant parameters:

Threshold/Benchmark Updates	2005	2006	2007	2008
I. Social Programs Grant				
Reinvestment of National Child Benefit Savings	not included	included	included	included
ODB costs for social assistance recipients	included	included	included	uploaded by Province
1. Assessment Based				
▪ Percentage of Weighted Assessment	0.20%	0.18%	0.178%	0.176%
2. Income Based				
▪ Per household limit	n/a	$35	$80	$80
II. Equalization Grant				
1. Assessment Equalization				
▪ Average Assessment per household	$170,000	$185,000	$187,000	$190,000
▪ Funding for each $10,000 in assessment value	$62	$60	$58	$54
2. Farmland and Managed Forest Assessment	**Single-tier:** up to 150% of single-tier revenue **Lower-tier:** up to 150% of total upper- and lower-tier revenue **Upper-tier:** Not eligible	**Single-, lower- and upper-tier:** up to 300% of their respective revenues	**Single-, lower- and upper-tier:** up to 300% of their respective revenues	**Single-, lower- and upper-tier:** up to 300% of their respective revenues
III. Northern and Rural Communities Grant				
1. Rural Communities				
▪ Per household funding	$150	$153	$156	$156
2. Northern Communities	$225	$230	$235	$235
▪ Per household funding				
3. Northern and Rural Social Programs	15%	14%	13%	12.5%
▪ Percentage of tax revenue				
IV. Police Services Grant				
Per household funding level	50% of eligible costs over $150 per household	50% of eligible costs between $150 and $750 per household, and 75% of eligible costs over $750 per household	50% of eligible costs between $150 and $750 per household, and 75% of eligible costs over $750 per household	50% of eligible costs between $150 and $750 per household, and 75% of eligible costs over $750 per household



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